

# **Money Politics Exposes the Hypocrisy of "US-Style Democracy"**

**The China Society for Human Rights Studies (CSHRS)**

**December 2019**

The United States always praises itself as the "beacon" of democracy, advocating that people have the right to participate in public affairs, elections, and supervision over their governments. Nevertheless, in reality, given the severe divisions in US politics and society, a large number of US citizens do not have a chance to participate in politics. The main reason for this phenomenon is money politics. Money politics deprives the people of their democratic rights, suppresses the expression of voters' true will, and creates de facto political inequality. In recent years in the United States, the wealthy class has exerted an increasingly important influence on politics while the common people's influence on politics has declined. Money politics exposes the hypocrisy of US democracy.

1. Money has infused the entire US political system.

"Money is the mother's milk of politics." This widely circulated comment accurately and sharply reveals the essence of contemporary US politics. Money is the driving force of US politics. The huge and complex political machine of the

United States can only get started with the fuel of money. Money is the lubricant of US politics. Without money, US politics cannot run smoothly. Money politics runs through all aspects of US elections, legislation, and governance, and has become a persistent disease in US society.

Under such circumstances, elections, whose original purpose is to express the will of the voters, determine the political direction, and choose qualified leaders, have been reduced to money games. The money politics of the United States has distorted public opinion and turned elections into a "one-man show" of the wealthy class. Money is deeply involved in every aspect of US elections. Raising funds is a prerequisite for a candidate to run in an election at any level. Without enough money, it is simply impossible to compete for any important political position. Since the beginning of the 21st century, the election costs of the Republican and Democratic presidential candidates have increased rapidly from \$700 million in 2004 to \$1 billion in 2008 and \$2 billion in 2012. In 2016, US elections, including presidential and congressional elections, cost a total of \$6.6 billion, making it the most expensive political election in US history. The cost of the US midterm elections has also risen rapidly. The four midterm elections held between 2002 and 2014 cost \$2.18 billion, \$2.85 billion, \$3.63 billion, and \$3.84 billion, respectively, and the one held in 2018 cost as much as \$5.2 billion. In the 2018 midterm election, the average cost of

winning a Senate seat was \$19.4 million, and the average cost of winning a House seat exceeded \$1.5 million. The high election expenses have greatly raised the threshold for election participation and eliminated the possibility of the vast majority of people participating in political elections. Only a few people who are capable of raising large amounts of election funds can join the US political elections. This has undoubtedly provided the wealthy class and interest groups with numerous chances to win candidates over through money.

In addition to publicly registered election funds, a large amount of secret funds and "dark money" have also been injected into the US election activities. As reported by National Broadcasting Company (NBC) News in 2018, as the United States Department of the Treasury (USDT) announced that it would no longer require most non-profit organizations to report their source of donations, the transparency of election funding would be significantly reduced. Back in 2010, the Supreme Court of the United States (SCOTUS) issued a ruling in *Citizens United v. Federal Election Commission*<sup>1</sup>, loosening restrictions on political donations. Since then, "dark money" has kept flooding into the US elections, constantly creating new records. The "dark money" that flooded into the 2010 midterm election was \$16 million, and that in the 2014 midterm elections increased to \$53 million. During the 2018 midterm election, the "dark money" spent by outside groups other than those of the candidates skyrocketed to \$98 million.

Over 40 percent of TV commercials broadcast by these outside groups to influence congressional elections are funded by secret donors.

2. Money politics is an inevitable result of the US capitalist system.

The United States is a capitalist country, and US democracy is a political form through which the bourgeois rules. Given this, US democracy naturally reflects the will of the capitalists and serves their interests. The most distinctive feature of US democracy is elections. Through elections, politicians who meet the requirements of the bourgeoisie are promoted to national leadership positions to exercise state power. To achieve this goal, the United States has designed a sophisticated political and electoral system to screen candidates and voters at various levels to ensure that only those who satisfy the needs of the rich people are elected. Initially, the United States imposed restrictions on voter eligibility, depriving large numbers of US citizens (such as those from racial minority groups and women) of the right to vote. Later, money gradually became the most important means for the bourgeoisie to control elections. After entering the 20th century, especially after the 1960s, with the popularity and development of the mass media, the status of money in elections continued to rise. Money is a selector that eliminates political participants from the bottom of society by making it difficult for the representatives of the poor to

become candidates. The rich people choose their qualified political agents and make them candidates and winners of elections by funding campaigns. Due to this system design, the connection between economic interests and political power is naturally close. By participating in political elections, the rich people acquire political guarantees for their economic interests. With the help of money, politicians are able to run in elections. In order to maintain their dominant position in the distribution of national resources, the rich have a strong incentive to intervene in political operations and seek their spokespersons in governments at all levels from the federal level to the local level. As the rich people have the largest share of social wealth, they can meet the funding requirements of politicians and turn them into their political representatives. With the development of communication technology, politicians need more money to participate in and win a normal election. Money, therefore, becomes the starting point and ending point of this "chain" of party politics. Candidates of the two major political parties in the United States are merely representatives of different factions within the bourgeoisie.

The activities of interest groups vividly explain the connotation of money politics. Interest groups refer to alliances formed by groups and individuals who have common political goals, economic interests, and social backgrounds for the purpose of maximizing their common goals and interests.

The First Amendment to the United States Constitution has conferred the supreme legal validity upon interest groups. The purpose of interest groups is to participate in the power operation process and induce public power departments to formulate relevant policies to safeguard and expand their interests. The unique political system of the United States featuring the two-tiered federal system and the separation of legislative, executive, and judicial powers provides ample space for interest groups, making it possible for them to exert pressure on governments at all levels to influence US politics. Interest groups have struck deep roots in the US administration, Congress, and judicial system. Interest groups, political parties, and governments have become the three pillars of US politics. There are many ways for interest groups to operate. They can affect congressional legislation and future government decisions by providing funds, directly participating in the election process and helping certain candidates win elections; they can create public opinion and influence government decision-making by advertising, giving radio and television speeches, holding press conferences, producing movies, and adopting other methods; and they can exert a direct influence on government decisions by lobbying legislators and decision-makers. Decisions of the US government and congressional legislation are often the result of the competition among different interest groups.

Interest groups are a typical example of money politics,

and their activities are inseparable from money. Activities of the interest groups are the "hub" that connects money and power, and their function is to convert money into political influence. With more abundant funds, an interest group will enjoy greater political influence, and most of the money is in the hands of the rich. Poor people can also form their own interest groups, but due to limited financial resources, their interest groups can never exert much influence. It is the enterprise groups or industry organizations that can really exert great influence. This is because these interest groups have sufficient funds. For instance, between 2000 and 2010, US enterprises spent 10 times as much on elections as US labor unions did. After 2010, the expenditure limitations on the political spending of enterprises and labor unions were lifted. Under such circumstances, many labor unions are still unable to increase their political spending as they have reached the upper limit of their capacity to pay. On the contrary, enterprises' political expenses have increased sharply, and their political influence has expanded rapidly. By increasing their political investment, enterprises of course plan to maximize their own interests in policy-making.

Lobbying is an important way to implement money politics. Lobbying is a political phenomenon peculiar to the United States, and lobbying-induced corruption is an inherent dysfunction of the US political system. The legal basis of lobbying is the First Amendment to the US Constitution. In

the spirit of the First Amendment to the US Constitution, the United States has formulated laws that legalize lobbying activities. The Foreign Agents Registration Act (FARA) of 1938, the Federal Regulation of Lobbying Act of 1946, the Lobbying Disclosure Act (LDA) of 1995, and the Lobbying Disclosure Technical Amendments Act of 1998 form the legal system that regulates lobbying activities. Under these laws, the United States allows groups of people to form interest groups and compete against one another, affecting congressional legislation and government decisions. Therefore, political lobbying becomes an integral part of the US political process. Interest groups hire lobbyists to lobby members of the US Congress and their aides, influence the formulation and amendment of bills, and seek their own interests. Over the past 40-odd years, the lobbying industry in the United States has developed rapidly, showing explosive growth. In 1971, there were only 175 registered lobbyists in the United States, but the number quickly increased to 2,500 in 1981 and to 13,700 in 2009. This means that, on average, each member of the US Congress, including the House of Representatives and the Senate, is lobbied by more than 20 lobbyists. According to available (and incomplete) statistics, there are more than 2,000 lobbying companies in Washington D.C. Interest groups' spending on lobbyists is increasing day by day, reaching \$1.44 billion in 1998 and soaring to \$3.33 billion in 2011, with a growth rate of 131 percent over those 14 years.



3. The institutionalized system of US money politics has come into being.

In the late 19th century, US money politics developed into a "pork-barreling" political system. The political party that wins the competition usually gives official positions to those who have contributed to the election campaign, mainly the backbone of the political party and the funders who provide campaign funds for the party. "Pork barreling" has led to the spread of corruption in the political sector and among the officials, and it has also decreased the administrative efficiency. Since the beginning of the 20th century, the United States has tried to impose some restrictions on political contributions, but it has never changed the very nature of US democracy, which is money politics. The adjustments to the systems always leave loopholes and backdoors for money politics, and actually give money politics a legal status.

First, the "super-fundraiser" system can legally avoid donation limits. A "super fundraiser" is someone who has a lot of wealth and social connections, such as corporate executives, hedge fund managers, showbiz stars, or lobbyists. They have many connections and resources, and are able to use their personal networks to bring together a large number of small donors to raise a lot of funds for a candidate within a short period of time. For instance, in the 2016 US presidential election, 1,000 "super fundraisers" helped the Democratic candidate, Hillary Clinton, to collect one-third of the personal

donations for her campaign. Under the "super-fundraiser" system, a big personal donation that surpasses the limit can be divided into smaller parts that are under the limit and put under other persons' names. That is how big donations become legalized. A candidate who receives these kinds of donations is clear about who provided him or her with such big donations. This makes it easy for the affluent people and large enterprises to trade money for political influence.

Second, the SCOTUS has ruled to lift restrictions on "soft money". The Bipartisan Campaign Reform Act (BCRA) of 2002 restricted "soft money" donated to political parties to support specific candidates, namely the donations that were not restricted by the Federal Election Campaign Act (FECA) but used to influence federal elections. Nevertheless, this Act has been challenged constantly. In 2007, the SCOTUS ruled in *Federal Election Commission v. Wisconsin Right to Life, Inc.*, that the provisions of the BCRA, which restrict corporations, unions, and trade groups from funding certain advertising by political parties, violate the First Amendment's provisions on the freedom of speech. In 2010, the SCOTUS ruled in *Citizens United v. Federal Election Commission* that provisions of the BCRA, which restrict corporations and unions from funding federal election candidates for or not for profit during the final stage of the campaign, violate the principle of freedom of expression in the US Constitution. This ruling completely vetoed the contents of the BCRA, allowing "soft money" to

legally enter elections on a large scale and letting money to wantonly rush into the political sector. In 2014, the SCOTUS' ruling in *McConnell v. Federal Election Commission* significantly relaxed restrictions on political contributions. It removed limits on the total amount of contributions made by an individual to federal candidates and political party committees while retaining the \$2,600 limit on an individual's donation to a candidate. This means that the wealthy people can donate to many federal candidates at the same time, and they can donate unlimitedly to the political party they support.

Third, super political action committees (PACs) are the most important manifestation of money politics. In addition to making political contributions directly to candidates and political parties, the wealthy class and corporations of the United States can also make political donations through super PACs. PACs came into being in the 1930s. A PAC is a political committee consisting of corporations and independent political groups, and it is organized for the purpose of raising political donations and circumventing limits on personal and corporate donations, which are imposed by relevant regulations of US laws. A PAC collects money from many individuals and then decides on the candidates it donates to. As it is closely related to certain large corporations and specific interest groups, a PAC often launches publicity campaigns to support or oppose a certain candidate and participates in elections on behalf of these corporations and

interest groups. After the release of the Federal Election Campaign Act in 1971, PACs entered a period of vigorous development due to fewer restrictions. A large amount of money from corporations, individuals, and interest groups participates in the elections through the channels offered by PACs. In 2010, a ruling of the SCOTUS removed the limit on corporate and individual contributions to independent PACs. Because of this, PACs have entered their heyday, and a large number of super PACs came into being. According to data from the Political Responsibility Center, a non-partisan, non-profit research organization, as of August 8, 2016, there were 2,316 super PACs registered in the United States. Super PACs have strong fundraising capacity and exert influence on every aspect of an election. Corporations and wealthy people can inject their funds into super PACs without restrictions to indirectly affect an election. In the 2016 presidential election, the super PAC that received the most donations, which amounted to as much as \$176 million, was Priorities USA Action, which was in support of the Democratic candidate Hillary Clinton. Soros, the super-rich US investor, donated \$6 million to Priorities USA Action, and Thomas Steyer, a hedge fund manager, contributed \$57 million to another super PAC in support of Hillary Clinton.

#### 4. Money politics brings serious consequences.

First, money politics deprives ordinary people of their political rights. Although the United States often shows off its

"one person, one vote" US-style democracy, the reality is that the voting rights of low-income US citizens are severely restricted. As reported by U.S. News & World Report, from 2010 to 2015, 21 states in the United States formulated new laws restricting voting rights, and 14 states implemented new measures to restrict the exercise of voting rights in the 2016 presidential election. The main purpose of these laws and measures was to prevent the poor from registering to vote. As reported by the website of Newsweek on November 21, 2017, thousands of US citizens have been deprived of their voting rights because of poverty. Nine states in the United States have passed legislation depriving the citizens in arrears with attorney fees or court fines of the right to vote. In Alabama alone, more than 100,000 US citizens in arrears have been removed from the voter list, accounting for approximately three percent of the state's voter population. This has led to a lower turnout in US elections. The turnout rate slumped to its lowest level since the 1940s during the 2014 US midterm election, where the national average turnout rate was only 37 percent.

Second, government posts have become exclusive for rich people and the upper class. According to the US political practices, after winning an election, the elected candidate will usually reward those persons who have made significant contributions to the election campaign, such as major donors and fundraisers, with government posts. After taking office,

the newly elected US president will usually appoint a group of major donors as ambassadors. After the 2000 presidential election, one-third of the new positions in the government were taken over by relatives, friends, and major donors of the winning president. Among the 556 "super fundraisers" who supported the winning president in the 2008 presidential election campaign, one-third of them obtained government posts or became consultants in the then administration, and 80 percent of the fundraisers who raised more than \$500,000 obtained important positions.

Third, money politics is blatantly delivering benefits to the rich. A negative consequence of political contributions is that the rich people, who are fewer in number, have greater influence than the vast majority of the people, leading to the formulation of government policies that benefit the rich and harm the interests of the poor. As money affects legislation and government decisions, the rich people can make politicians serve them through campaign donations and promises of the return of benefits and legislate on their behalf. The presidents and administrations elected with the help of money will definitely favor the rich when formulating policies, and they will openly or implicitly pass on benefits to the rich. This is a disguised transaction of money and power. It is a well-known fact that the Republican administration taking office in 2017 is an administration representing the rich class of the United States. The Federal Unemployment Tax Act

(FUTA), adopted by the US Congress in 2017, claimed to reduce taxes, but it was not aimed to carry out an across-the-board tax cut. The FUTA has only cut taxes for the rich class and large corporations. It has even increased taxes for the poor people. Under the FUTA, the income tax rate for rich families has been greatly reduced from 39.6 percent to 35 percent, a significant reduction of 4.6 percentage points, and the income tax rate for the poorest families has been increased from 10 percent to 12 percent. That is how this Act has benefited the richest families while harming the economic interests of the poorest families. A Gallup poll conducted at the end of 2017 showed that 56 percent of US citizens surveyed opposed the FUTA, and only 29 percent supported it. As to corporate tax, the FUTA reduced the income tax rate of joint-stock companies, such as large corporations and listed companies, from 35 percent to 20 percent, a remarkable reduction of 15 percentage points. Nevertheless, only 8.6 percent of the US enterprises can benefit from this tax reduction policy, and about 90 percent of the US companies, which are small enterprises such as sole-proprietorship enterprises and partnership enterprises, cannot benefit from it. Under the FUTA, owners of these small enterprises may have to pay personal income tax at the top rate, which is 37 percent, and only 20 percent deduction can be calculated on their taxable income. Money politics erodes social equality and fundamentally undermines social justice in the United States.

Fourth, money politics makes it more difficult for the United States to solve its pressing political and social problems. In the United States, the proliferation of guns and gun violence are major political and social problems, which have plagued US society for many years. Mass shooting incidents in schools and other public places frequently occur. Every year in the United States, more than 30,000 people die from homicides, accidents, and suicides caused by guns; more than 10,000 people die from gun violence; and more than 200,000 people are injured by guns. Most of these deaths and injuries would have been avoided if guns had been strictly controlled during these years. Nevertheless, interest groups such as the National Rifle Association of America (NRA), who oppose gun control, have successfully disrupted the governmental gun control efforts by participating in elections and lobbying. These interest groups have made significant political contributions to the US presidential and congressional elections. They donated \$113 million through PACs between 2010 and 2018 alone. The NRA is the main anti-gun control organization in the United States and the most influential outside lobbying organization in the country. Its annual operating expenses are as high as \$250 million, and this number will increase in a campaign year. Due to the large amount of money they have invested, the anti-gun control interest groups represented by the NRA have achieved great success and thwarted nearly all the gun control bills, further



relaxing US gun control.

Money politics exposes the nature of US society and the lies of the United States when it is praising itself as the best example of exercising democracy and safeguarding human rights for the world. "US-style democracy" is the democracy of the rich people and the capitalists. It seldom benefits the lower classes of US society. The democratic rights stipulated in the US Constitution can only be enjoyed by the people who have enough money in their pockets. In the United States, where money governs politics, political participation and discussions can never be actualized without the help of money. Money politics has ruthlessly crushed "US-style democracy".